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DIARY NOTES

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6 December 1957

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1. Gates and I met with Gordon Stewart, Larry Houston, and [REDACTED] to discuss the policy and legal problems raised in [REDACTED] paper of 4 December 1957 on the subject of "legal problems pertaining to GEHA." As a result of this meeting Gordon was appointed the chairman of a committee, consisting of himself, Larry, and John, to study all of these problems and to make recommendations for their solution. I expressed the desire that the General Counsel be recognized officially as the Legal Advisor to the GEHA Board and that he attend all meetings. John accepted this as one member of the Board and said that he thought the other members would do likewise. I also requested that the four motions passed by the GEHA Board at its last meeting, having to do with the declaration of a dividend from UBLIC, payment of administrative expenses to the Agency, and other related matters, not be implemented until I had approved of the recommendations to be submitted to me by Gordon's committee or taken other appropriate action. John accepted this as one member of the Board and said he felt sure that the remaining members would also. (I, of course, assume that if the Board does not see fit to comply with my requests I will be advised immediately.) *(See attachment)*

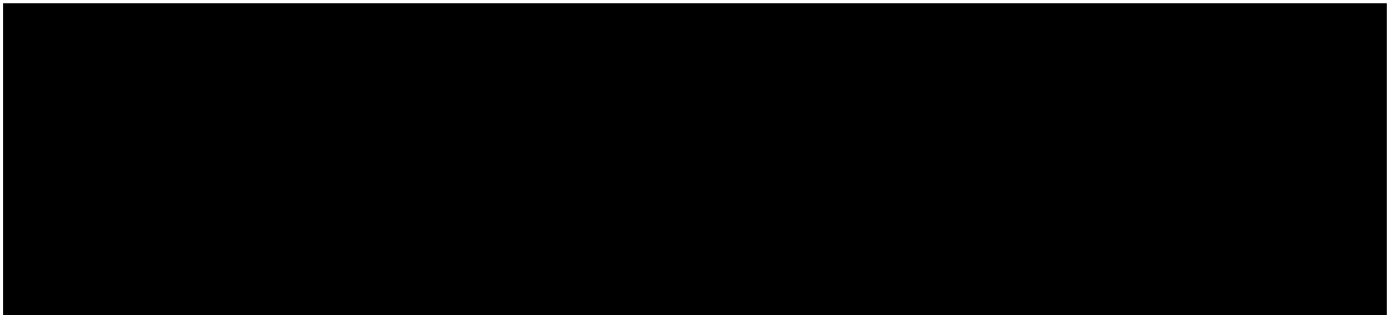
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2. [REDACTED] telephoned about a writeoff problem involving \$47.90 which he thought he should approve although it wasn't clearly legal for him to do so. I told him not to sign off on it but to send it to the Shortages and Losses Board for action.

3. I approved of Ed Saunders taking annual leave on Monday and Tuesday of next week and on the 26th and 27th of December.

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5. Harry Reynolds was in to say that his last day with the Agency would be on Fri-

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day, 13 December. I subsequently talked to [REDACTED] and General Cabell and they are going to try to get the Director to lay on a luncheon for Harry on Thursday. In the meantime, Gordon Stewart reported that the Honor Awards Board had raised my recommendation for a medal for Harry from the "Intelligence Medal of Merit" to the "Distinguished Intelligence Medal." I told him that this was all right with me but that I would like to have the paper going to the Director show clearly that the Board had raised my recommendation.

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6. Dr. Tietjen was in to say that [REDACTED] definitely planned to leave the Agency. He believes that he has a good chance of recruiting [REDACTED] for Bob's job. Dr. [REDACTED] has been associated with the Agency in a consultant capacity for several years, and, in fact, suggested that we get Bob to head our Psychiatric Program. [REDACTED] would have to take the position at a very substantial financial sacrifice but John thinks that it is entirely possible that he can be recruited. I told him to go ahead and make the effort.

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7. Ed Saunders and I discussed [REDACTED] desire to have [REDACTED] join the staff of the Special Support Assistant when he takes over from [REDACTED]. I told Ed that this would be very good for the Office of the SSA but that I did not know how harmful it might be to the Office of the Comptroller and that as of now I was not prepared to direct that he concede to this request.

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MOTIONS which were passed at the GEHA Board of Directors' Meeting, 26 Nov 57

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It is the policy of the Board that return premiums from UBLIC policies be considered moneys to be disposed of for the benefit of UBLIC policyholders only, subject to deductions for reserves, administrative expenses, and determination of proportionate returns to ex-policyholders. Determinations in this regard will be made by the Board of Directors.

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I move that the GEHA Board deduct the amount of money equivalent to the 4th step of a GS-7 salary to be allocated from return premiums from UBLIC policies for administrative costs incurred in the servicing of UBLIC policies, such moneys to be paid to the Comptroller of the Agency annually, at such times when return premiums are received from Omaha, commencing with the policy year beginning 1 September 1956.

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That as a matter of policy we establish a reserve for the UBLIC program of one-half of the annual premium, the total reserve not to exceed 100 thousand dollars.

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That the Board declare a 20% dividend on paid premiums to UBLIC policyholders of record as of 31 August 1957, and that these moneys be drawn from insurance years 1954 to 1957 returned UBLIC premiums, after appropriate deductions for a reserve and administrative expenses.

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